

# India: Eliminating Unwarranted Barriers to Dairy



U.S. Dairy  
Export Council  
Ingredients | Products | Global Markets



- While India is a major producer of milk, and even exports some dairy products from time to time, it remains an important potential market for U.S. dairy exports, which totaled less than \$34 million in 2020.
- India's dairy sector, particularly its farmers, is extremely protectionist and actively works to avoid allowing more substantial imports to compete with their local production.
- Beyond India's high tariffs, one particularly notable way that the Indian government has successfully prevented the importation of the vast majority of U.S. dairy exports is through the mandated use of a health certificate that includes religious Hindu animal feed standards despite the lack of scientific basis for these requirements and the fact that there are consumers of multiple religions in India.
- If negotiations between the United States and India resume, measures to include better access for U.S. dairy products should be a part of any deal and should ensure that India lives up to its obligations to provide reasonable market access under the U.S. Generalized System of Preferences (GSP) program.



## Background

- For decades, India has severely limited imports of dairy products, protecting its dairy farmers through high tariffs and questionable religious-based standards that are extremely difficult for other countries to meet.
- In addition, India requires that each cow that produces milk for dairy products marketed in India must have "never been fed" ruminant material. This requirement is not a science-based one, rather it is related to Hindi diets. India has made it a mandatory government requirement, despite the existence of other products on the Indian market that do not conform to Hindu diet practices. This has posed a challenge to trade because these feed restrictions are not followed in the U.S.
- The United States does export to India a limited amount of dairy ingredients such as some lactose and whey products for non-food uses. These products now have a special exemption from the "never been fed" requirement.



## Current Trade Situation

- In 2019, USTR withdrew India's benefits under GSP, which provide duty free imports into the United States, due to India's failure to live up to the requirements of the GSP statute. In part, the GSP statute requires that a country provide equitable and reasonable access to its markets.
- Following the USTR action, India and the United States entered into negotiations to try to resolve a number of market access issues into India. Access for U.S. dairy reportedly has been a major roadblock in the negotiations.
- In addition, in 2020 India escalated its barriers to trade by deciding to halt imports of dairy products entering under Chapter 17 and 35 tariff codes. While products in those categories destined for "non-food" uses such as in pharmaceuticals have since been allowed entry again, all other dairy products remain barred from the market due to India's continued insistence of a dairy certificate lacking a scientific basis and its refusal to entertain other ways of providing clarity regarding U.S. dairy products to Indian consumers.